

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-06 NEA-09 ISO-00 TRSE-00

SSO-00 NSCE-00 USIE-00 INRE-00 AID-05 L-02 NSC-05

CIAE-00 INR-07 NSAE-00 PA-01 RSC-01 PRS-01 SP-02

FRB-01 CIEP-01 OMB-01 FEAE-00 AF-06 COME-00 XMB-02

OPIC-03 SS-15 /094 W

----- 022501

O R 141330Z JAN 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC IMMEDIATE 9819

INFO AMEMBASSY ABU DHABI

AMEMBASSY BRUSSELS

AMEMBASSY CARACAS

AMCONSUL DHARAHAN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: EFIN

SUBJECT: U.S. TRUST FUND PROPOSAL: SAUDI REACTION

REF STATE 4030 NOTAL

1. SAUDI ARABIAN MONETARY AGENCY GOVERNOR ABDUL AZIZ

QURAYSHI MADE FOLLOWING POINTS TO ACTING DCM JAN 13:

--SAG HAD MADE DECISION LONG AGO TO AID THE STATES

WHO WERE IN REAL NEED AND WAS DOING SO.

--SAG HAD MADE POLICY CHOICE THAT IMF WAS NEEDED TO

"INSULATE AID FROM POLITICS."

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--THERE WERE TWO WAYS THAT HAD BEEN SUGGESTED IN IMF STAFF PAPERS BY WHICH THESE STATES COULD BE OFFERED SPECIAL FINANCIAL ASSISTANCE WITHOUT VIOLATING THE IMF RULES AGAINST DISCRIMINATION IN TREATMENT AMONG MEMBER COUNTRIES. THE FIRST IDEA WAS THAT RICHER MEMBERS WOULD MAKE SPECIAL CONCESSIONAL LOANS TO THE IMF IN A RATIO FOR EXAMPLE OF ABOUT 90 PERCENT AT REGULAR RATES AND TEN PERCENT AT CONCESSIONAL. THE SAVINGS WOULD THEN BE PASSED ON TO THOSE STATES NEEDING LOWER INTEREST RATES. SECOND, CONTRIBUTIONS COULD BE MADE ON A VOLUNTARY BASIS DIRECTLY TO THE IMF OR TO THE BORROWING STATES TO COVER PART OF THE INTEREST COSTS. ADCM SUGGESTED THAT U.S. DELEGATION COULD WORK WITH SAUDI DELEGATES ABD AL AZIZ RASHID OR KHALID AL GOSAYBI AND BRIEF THEM FURTHER ON THE U.S. PROPOSALS. GOVERNOR QURAYSHI AGREED.

2. QURAYSHI REACTED NONCOMMITTALLY TO THE IDEA OF SAG PARTICIPATION IN A WORKING GROUP (REFTEL) BUT POINTED OUT THAT REFERENCES TO OPEC COUNTRY PARTICIPATION IN SUCH A GROUP WAS AN INCORRECT CONCEPT. NOT ALL THE PRODUCING COUNTRIES IN OPEC WERE IN SURPLUS AND THERE WERE OTHER SURPLUS COUNTRIES OUTSIDE OPEC, NOTABLY GERMANY.

3. AFTER THIS, EMBASSY WOULD LIKE MORE COMPLETE UNDERSTANDING OF VARIOUS OPTIONS BEING PROPOSED IN IMF MEETINGS IN TIME TO MAKE REPRESENTATIONS TO SAG. LACK OF FIRM INFORMATION AND FACT THAT HOST GOVERNMENT OFTEN SEEMS TO KNOW MORE ABOUT WHAT IS GOING ON THAN WE DO PLACES US (AND THEREFORE THE U.S.) AT A VERY REAL DISADVANTAGE.

AKINS

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